

Semi-Annual Report for

FTSE Bursa Malaysia KLCI etf

30 June 2024



AmInvest

Growing Your Investments in a Changing World

FTSE BURSA MALAYSIA KLCI etf

Semi-Annual Report

30 June 2024

TRUST DIRECTORY

Manager

AmFunds Management Berhad
9th & 10th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur

Board of Directors

Jeyaratnam A/L Tamotharam Pillai
Ng Chih Kaye
Jas Bir Kaur A/P Lol Singh
Arnold Lim Boon Lay
Goh Wee Peng

Investment Committee

Arnold Lim Boon Lay
Tracy Chen Wee Keng
Goh Wee Peng

Trustee

HSBC (Malaysia) Trustee Berhad

Auditors and Reporting Accountants

Ernst & Young PLT

Taxation Adviser

Deloitte Tax Services Sdn Bhd

CORPORATE DIRECTORY

AmFunds Management Berhad

Registered Office
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur
Tel: 03-2036 2633

Head Office
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Secretary

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(SSM Practising Cert. No. 202008002984)
22nd Floor, Bangunan AmBank Group
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HSBC (Malaysia) Trustee Berhad

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MANAGER'S REPORT

Dear Unitholders,

We are pleased to present you the Manager's report and the unaudited accounts of FTSE Bursa Malaysia KLCI etf ("FBM KLCI etf") ("Fund") for the financial period from 1 January 2024 to 30 June 2024.

Salient Information of the Fund

Name	FTSE Bursa Malaysia KLCI etf ("Fund")			
Category/ Type	Exchange-traded fund / Equity			
Objective	<p>The objective of the Fund is to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the Benchmark, balanced with the need to facilitate liquidity provision.</p> <p><i>Note: Any material change to the Fund's investment objective will require the Unit Holders' approval by way of a resolution of not less than two-thirds of all Unit Holders at a Unit Holders' meeting duly convened and held in accordance with the deed.</i></p>			
Index Component	Details of the index component as at 30 June 2024 are as follows:			
	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)
	1155	Malayan Banking Berhad	13.18%	12,066.95
	5347	Tenaga Nasional Berhad	10.53%	5,787.33
	1295	Public Bank Berhad	10.41%	19,410.69
	1023	CIMB Group Holdings Berhad	9.89%	10,676.10
	8869	Press Metal Aluminium Holdings Berhad	3.71%	8,239.62
	4863	Telekom Malaysia Berhad	3.62%	3,837.63
	5225	IHH Healthcare Berhad	3.34%	8,806.99
	3816	MISC Berhad	3.18%	4,463.75
	5183	PETRONAS Chemicals Group Berhad	3.12%	8,000.00
	6033	PETRONAS Gas Berhad	3.00%	1,978.73
	4677	YTL Corporation Berhad	2.97%	10,967.77
	5285	SD Guthrie Berhad (formerly known as Sime Darby Plantation Berhad)	2.68%	6,915.71
	6947	CelcomDigi Berhad	2.55%	11,731.51
	5819	Hong Leong Bank Berhad	2.27%	2,049.15
	6742	YTL Power International Berhad	2.11%	8,111.66
	6888	Axiata Group Berhad	2.07%	9,181.92
	1066	RHB Bank Berhad	2.05%	4,286.35
	2445	Kuala Lumpur Kepong Berhad	2.04%	1,096.41
	1961	IOI Corporation Berhad	1.94%	6,203.70
	4197	Sime Darby Berhad	1.82%	6,815.60
	6012	Maxis Berhad	1.81%	7,832.08
	3182	Genting Berhad	1.77%	3,850.58
	4065	PPB Group Berhad	1.74%	1,422.60

	Stock code	Company's name	Percentage weight (%)	Shares in issue ('million units)	
	4707	Nestle (Malaysia) Berhad	1.36%	234.50	
	5296	Mr D.I.Y. Group (M) Berhad	1.32%	9,448.15	
	4715	Genting Malaysia Berhad	1.27%	5,667.74	
	7084	QL Resources Berhad	1.25%	2,433.66	
	5211	Sunway Berhad	1.22%	5,542.44	
	5681	PETRONAS Dagangan Berhad	1.06%	993.45	
	1082	Hong Leong Financial Group Berhad	0.72%	1,134.10	
Duration	The Fund was established on 7 June 2007 and shall exist for as long as it appears to the Manager and the Trustee that it is in the interests of the unitholders for it to continue. In some circumstances, the unitholders can resolve at a meeting to terminate the Fund.				
Performance Benchmark	FTSE Bursa Malaysia KLCI ("FBM KLCI") (Available at www.aminvest.com) <i>Source: FTSE International Limited ("FTSE") ©FTSE 2024. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "BURSA MALAYSIA" is a trade mark of Bursa Malaysia Berhad ("BURSA MALAYSIA"). All intellectual property rights in the index values and constituent list vests in FTSE and BURSA MALAYSIA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.</i>				
Income Distribution Policy	The Fund may periodically be entitled to and receive dividends on the holdings of shares and yields on the placement or investment of its cash. The Manager endeavors to pay out all such income after deducting appropriate fees, expenses and tax, however, the exact amount to be determined will be at the absolute discretion of the Manager. Cash distributions (if any) are expected to be made semi-annually of which details of declaration dates, distribution amounts, ex-distribution dates and distribution payment dates will be duly published on www.bursamalaysia.com				
Breakdown of Unit Holdings by Size	For the financial period under review, the size of the Fund stood at 3,344,000 units.				
	Size of holding	As at 30 June 2024		As at 31 December 2023	
		No of units held	Number of unitholders	No of units held	Number of unitholders
	Less than 100	1,714	54	1,734	53
	100 - 1,000	153,037	382	148,139	323
	1,001 - 10,000	703,410	190	738,925	196
	10,001 - 100,000	1,527,679	64	1,345,379	60
	100,001 to less than 5% of issue units	104,600	1	464,563	4
	5% and above of issue units	853,560	1	645,260	1

Fund Performance Data

Portfolio Composition	Details of portfolio composition of the Fund as at 30 June 2024 and for the past five financial years are as follows:					
	As at 30.06.2024 %	As at 31 December				
		2023 %	2022 %	2021 %	2020 %	2019 %
Consumer discretionary	4.33	4.44	4.65	4.39	3.41	4.61
Consumer staples	10.97	12.80	13.77	11.34	12.48	13.12
Energy	1.02	1.20	3.38	3.74	4.34	4.50
Financials	36.71	41.11	41.76	35.38	32.22	35.67
Health care	3.30	3.49	2.75	8.73	14.73	6.44
Industrials	6.10	4.36	4.44	4.00	4.88	6.57
Information technology	-	-	1.51	2.15	-	-
Materials	6.87	7.39	8.74	9.35	7.02	5.90
Telecommunication services	10.08	10.51	9.51	11.71	10.94	9.96
Utilities	18.35	12.56	8.60	9.22	9.63	12.78
Money market deposits and cash equivalents	2.27	2.14	0.89	-0.01	0.35	0.45
Total	100.00	100.00	100.00	100.00	100.00	100.00
	<i>Note: The abovementioned percentages are calculated based on total net asset value.</i>					
Performance Details	Performance details of the Fund for the financial period ended 30 June 2024 and five financial years ended 31 December are as follows:					
	FPE 30.06.2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Net asset value (RM'000)	5,656	5,113	5,221	4,069	4,243	2,755
Units in circulation ('000)	3,344	3,344	3,344	2,508	2,508	1,672
Net asset value per unit (RM)	1.6914	1.5290	1.5613	1.6224	1.6917	1.6475
Highest net asset per unit (RM)	1.7306	1.5649	1.6827	1.7056	1.7656	1.7903
Lowest net asset per unit (RM)	1.5272	1.4386	1.4343	1.5476	1.2748	1.6334
Closing quoted price (RM)	1.6850	1.5250	1.5500	1.5900	1.7100	1.6900
Highest quoted price (RM)	1.7350	1.5700	1.6800	1.7100	1.7800	1.9000
Lowest quoted price (RM)	1.5300	1.4500	1.4400	1.5500	1.3600	1.6550
Benchmark performance (%)	9.31	-2.74	-0.66	0.33	5.69	-2.89
Total return (%) ⁽¹⁾	10.61	-0.05	-1.37	-0.97	4.09	-4.12

	FPE 30.06.2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
- Capital growth (%)	10.61	-2.00	-3.65	-4.04	2.69	-6.00
- Income distributions (%)	-	1.95	2.28	3.07	1.40	1.88
Gross distributions (sen per unit)	-	3.04	3.70	5.20	2.30	3.30
Net distributions (sen per unit)	-	3.04	3.70	5.20	2.30	3.30
Distribution yield (%) ⁽²⁾	-	1.99	2.39	3.27	1.35	1.95
Total expense ratio (%) ⁽³⁾	0.50	1.03	1.02	1.28	1.11	1.25
Portfolio turnover ratio (times) ⁽⁴⁾	0.04	0.10	0.19	0.04	0.30	0.01

Note:

- (1) Total return is the actual return of the Fund for the respective financial period/years computed based on the net asset value per unit and net of all fees.
- (2) Distribution yield is calculated based on the total distributions for the years divided by the closing quoted price.
- (3) Total expense ratio ("TER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- (4) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Average Total Return (as at 30 June 2024)

	FBM KLCI etf ^(a) %	FBM KLCI ^(b) %
One year	18.43	15.55
Three years	4.07	1.24
Five years	1.54	-1.00
Ten years	0.64	-1.67

Annual Total Return

Financial Years Ended (31 December)	FBM KLCI etf ^(a) %	FBM KLCI ^(b) %
2023	-0.05	-2.74
2022	-1.37	-0.66
2021	-0.97	0.33
2020	4.09	5.69
2019	-4.12	-2.89

(a) Source: Novagni Analytics and Advisory Sdn. Bhd.

(b) FTSE Bursa Malaysia KLCI ("FBM KLCI"). (Available at www.aminvest.com)

The Fund performance is calculated based on the net asset value per unit of the Fund. Average total return of the Fund and its benchmark for a period is computed based on the absolute return for that period annualised over one year.

Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Fund Performance

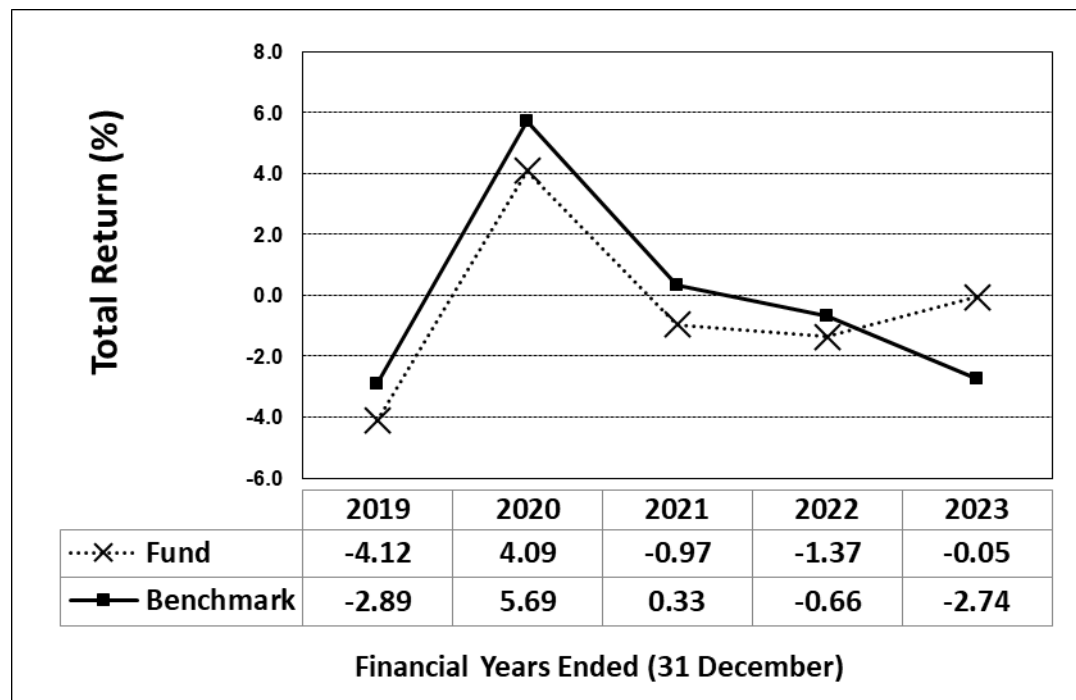
For the financial period under review, the Fund registered a return of 10.61% which is entirely capital growth in nature.

Thus, the Fund's return of 10.61% has outperformed the benchmark's return of 9.31% by 1.30%.

As compared with the financial year ended 31 December 2023, the net asset value ("NAV") of the Fund increased by 10.62% from RM5,112,993 to RM5,655,929. The NAV per unit of the Fund increased by 10.62% from RM1.5290 to RM1.6914, while units in circulation remain unchanged at 3,344,000 units.

The closing price of the Fund quoted on Bursa Malaysia increased by 10.49% from RM1.5250 to RM1.6850.

The following line chart shows comparison between the annual performances of FBM KLCI etf and its benchmark, FBM KLCI, for the financial years ended 31 December.



Note: Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

Strategies and Policies Employed	<p>For the financial period under review, the Manager had been indexing using complete or partial replication. This will generally result in the Fund investing all or substantially all of its assets in the constituents of the benchmark. In managing the Fund, the Manager aims to achieve performance, over time, with a correlation of 95% or better between the Fund's portfolio NAV and the benchmark.</p> <p>The Manager will be responsible to monitor the correlation and if, in the Manager's belief, the current portfolio is not tracking the Benchmark and that it will lead to correlation below the objective of 95%, then the Manager may judiciously rebalance the portfolio to improve correlation or to rectify the divergence. Except for index changes, where rebalancing of the portfolio may have to take place prior to, upon or after the index changes, rebalancing of the portfolio will be carried out, no more than once a month.</p> <p>Where the Manager deems appropriate, the Manager may allow a Participating Dealer that has been pre-approved, to tender Zero Strike Call Options equivalent in value to an In-Kind Creation Basket or multiples thereof, in exchange for the Units, to facilitate the liquidity provision process.</p>																																																
Portfolio Structure	<p>The table below is the asset allocation of the Fund as at 30 June 2024 and 31 December 2023.</p> <table border="1" data-bbox="359 860 1458 1391"> <thead> <tr> <th></th> <th>As at 30.06.2024 %</th> <th>As at 31.12.2023 %</th> <th>Changes %</th> </tr> </thead> <tbody> <tr> <td>Consumer discretionary</td> <td>4.33</td> <td>4.44</td> <td>-0.11</td> </tr> <tr> <td>Consumer staples</td> <td>10.97</td> <td>12.80</td> <td>-1.83</td> </tr> <tr> <td>Energy</td> <td>1.02</td> <td>1.20</td> <td>-0.18</td> </tr> <tr> <td>Financials</td> <td>36.71</td> <td>41.11</td> <td>-4.40</td> </tr> <tr> <td>Health care</td> <td>3.30</td> <td>3.49</td> <td>-0.19</td> </tr> <tr> <td>Industrials</td> <td>6.10</td> <td>4.36</td> <td>1.74</td> </tr> <tr> <td>Materials</td> <td>6.87</td> <td>7.39</td> <td>-0.52</td> </tr> <tr> <td>Telecommunication services</td> <td>10.08</td> <td>10.51</td> <td>-0.43</td> </tr> <tr> <td>Utilities</td> <td>18.35</td> <td>12.56</td> <td>5.79</td> </tr> <tr> <td>Money market deposits and cash equivalents</td> <td>2.27</td> <td>2.14</td> <td>0.13</td> </tr> <tr> <td>Total</td> <td>100.00</td> <td>100.00</td> <td></td> </tr> </tbody> </table> <p>During the financial period under review, the Fund reduced weighting in Financials, Consumer Staples and increase weighting into Utilities and Industrials.</p>		As at 30.06.2024 %	As at 31.12.2023 %	Changes %	Consumer discretionary	4.33	4.44	-0.11	Consumer staples	10.97	12.80	-1.83	Energy	1.02	1.20	-0.18	Financials	36.71	41.11	-4.40	Health care	3.30	3.49	-0.19	Industrials	6.10	4.36	1.74	Materials	6.87	7.39	-0.52	Telecommunication services	10.08	10.51	-0.43	Utilities	18.35	12.56	5.79	Money market deposits and cash equivalents	2.27	2.14	0.13	Total	100.00	100.00	
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Securities Lending / Repurchase Transactions	<p>The Fund has not undertaken any securities lending or repurchase transactions (collectively referred to as "securities financing transactions").</p>																																																
Cross Trade	<p>There were no cross trades undertaken during the financial period under review.</p>																																																
Distribution/ unit splits	<p>There is no income distribution and unit split declared for the financial period under review.</p>																																																
State of Affairs	<p>There has been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unitholders during the financial period under review.</p>																																																

Rebates and Soft Commission	<p>During the period, the management company received soft commissions by virtue of transactions conducted for the Fund, in the form of research services, systems and services relating to performance measurement of portfolios and subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund.</p> <p>The company has soft commission arrangement with a total of 11 brokers, who execute trades for the Fund and other funds or investments managed by the company. The soft commission received would be in the form of research services, systems and services relating to performance measurement of portfolios and/or subscription fees for fund's benchmark indices. All of these assist in the investment decision making process which are of demonstrable benefit to unitholders of the Fund and other funds or investments managed by the company.</p> <p>Soft commissions received were for the benefit of the Fund and there was no churning of trades.</p>
Market Review	<p>For the period under review, 1 January 2024 to 30 June 2024, KLCI gained 9.3%. Mid and small cap stocks outperformed. FBM Mid 70 Index and FBM Small Cap Index, gained 22.1% and 18.0% respectively. Best performing sectors include Construction and Utilities which gained 37.4% and 34.9% respectively. The worst performing sectors include Plantation and Telecomm which loss -0.4% and gained 4.6% respectively.</p> <p>KLCI open 2024 with a bang as it broke above 1,500 points. The strong performance were driven by YTL Group. There was growing optimism around the value creation potential from the group's planned 500MW data centre project which was accompanied by the signing of the Johor special economic zone (SEZ). YTL Power also announced that it had secured a new 600MW hydrogen-ready gas plant in Singapore which further bolstered the share price.</p> <p>The United States (US) Federal Reserve (Fed) signaled that it is done raising interest rates but made it clear that it is not ready to start cutting, dimming the hope of the market for a March cut. The US regional bank index, KBW Index, loss 6.9% Month on Month (MoM) in January 2024. New York Community Bancorp, reported pain in its commercial real estate portfolio, renewing fears about the industry's health.</p> <p>In February 24, corporate Malaysia reported 4Q2023 results. Earnings revision ratio (the proportion of companies with earnings above expectations compared to those below) to 0.9x. This exceeds analyst's historical tracking of 4Q earnings revision ratio of 0.75x. Banks did better than expected.</p> <p>In the March 2024 Federal Open Market Committee (FOMC) meeting, the Fed kept the rate at 5.5%. The Fed maintained three 25bps cuts by the end of 2024. The plot indicated three cuts in 2025 – one fewer than the last time the grid was updated in December 2023. The Fed sharply accelerated their projections for Gross Domestic Product (GDP) growth this year and now see the economy running at a 2.1% annualized rate, up from the 1.4% estimate in December. Core inflation as measured by personal consumption expenditures rose to 2.6%, up 0.2 percentage point from before.</p> <p>In April 2024, Israel launched a "limited military strike" on Iran. The region has been on edge, awaiting an Israeli reprisal after Iran sent more than 300 missiles and drones into the Jewish state– the first ever direct Iranian attack into Israeli territory – which was largely intercepted by Israel's air defenses and caused no deaths. Tehran said the strikes were in retaliation for Israel's bombing of an Iranian</p>

	<p>diplomatic compound on April 1 that killed two senior Iranian generals, among others. Brent crude oil merely gained 0.4% MoM to 88.86/bbl, which implying that market believe the conflict would not escalate further.</p> <p>In May 2024, US-China trade war escalated as President Biden plans to quadruple tariff on Chinese electric vehicle imports to 100%, a 25% tariff on lithium-ion batteries, a 50% tariff on Chinese solar cells, a tariff of 50% on medical syringes and needles, and a 25% tariff on certain Chinese steel and aluminum imports, 25% tariff on rubber medical and surgical gloves in 2026. Most of the new tariff will be imposed on US\$18 billion worth of Chinese imports in 2024.</p> <p>In Malaysia, Prime Minister (PM) Anwar Ibrahim announces over 13% salary hike for civil servants, among the highest increase in the nation's history, and will involve an allocation of over RM10 billion or ~0.5% Gross Domestic Product (GDP). Suggests subsidy rationalization into 2025, but ensuring lower income is well mitigated for. Following that, PM Anwar Ibrahim announced blanket fuel subsidies will be withdrawn beginning with diesel in Peninsula Malaysia. RON95 to follow later. The move should generate RM4 billion in savings compared with ~RM81 billion in fuel subsidies spent in 2023. Diesel is currently being sold at RM2.15/litre and the government estimates that it should be selling closer to RM3.50/litre. In addition, the government will deploy an additional RM2 billion in cash transfers, a +25% hike from the budgeted RM8 billion. The government indicated that diesel volumes are ~70% above pre-COVID levels and blames the surge on leakages like smuggling. On 28 May, the government launched National Semiconductor Strategy (NSS) and will allocate at least RM25 billion over the next five to 10 years, with funds supplied by Malaysian sovereign wealth funds, Khazanah Nasional. The strategy aims to train 60,000 people in various aspects of chipmaking, from design, to packaging, to testing. The training program will involve universities and corporations. KLCI hit a high of 1,629 points on 23 May 2024.</p> <p>In US Fed's June summary of economic projection, the following key changes were made: a) 1 rate cuts in 2024 to 5.1% (March: 3 cuts); b) 4 cuts in 2025 to 4.1% (March: 2 cuts); Inflation revised up to 2.6% (March24: 2.4%). Market is expecting 2024 end rate at 4.8%. KLCI ended the period at 1,590 points.</p>
<p>Market Outlook</p>	<p>There are several growth sectors namely datacenters, renewable energy, artificial intelligence and Johor property. Datacenters benefitted from spillover from Singapore due to energy shortage. Renewable energy demand will increase driven by National Energy Transition Roadmap. Global demand for Artificial intelligence surged after the release of new advanced chips and new application such as ChatGPT. Johor properties benefitted from Johor-Singapore special economic zone, upcoming Rapid Transit System (RTS) link between Singapore and Johor Bahru, diversion of manufacturing base due to US-China trade war.</p>

Kuala Lumpur, Malaysia
AmFunds Management Berhad

20 August 2024

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	30.06.2024 (unaudited) RM	31.12.2023 (audited) RM
ASSETS			
Investments	4	5,527,054	5,003,798
Dividend receivables		3,901	3,484
Cash at banks		143,518	170,002
TOTAL ASSETS		<u>5,674,473</u>	<u>5,177,284</u>
LIABILITIES			
Amount due to Manager	5	2,492	2,323
Amount due to Trustee	6	234	218
Amount due to Index provider	7	1,095	6,222
Distribution payable		-	37,118
Sundry payables and accruals		14,723	18,410
TOTAL LIABILITIES		<u>18,544</u>	<u>64,291</u>
NET ASSET VALUE (“NAV”) OF THE FUND		<u>5,655,929</u>	<u>5,112,993</u>
EQUITY			
Unit holders’ capital	9(a)	4,826,919	4,826,919
Retained earnings	9(b)(c)	829,010	286,074
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	9	<u>5,655,929</u>	<u>5,112,993</u>
UNITS IN CIRCULATION	9(a)	<u>3,344,000</u>	<u>3,344,000</u>
NAV PER UNIT (RM)		<u>1.6914</u>	<u>1.5290</u>

The accompanying notes form an integral part of the unaudited financial statements.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

	Note	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
INVESTMENT INCOME/(LOSS)			
Dividend income		118,363	105,123
Interest income		2,207	1,265
Net gain/(loss) from investments:			
– Financial assets at fair value through profit or loss (“FVTPL”)	8	451,927	(421,544)
		<u>572,497</u>	<u>(315,156)</u>
EXPENDITURE			
Manager’s fee	5	(13,684)	(12,595)
Trustee’s fee	6	(1,368)	(1,259)
Licence fee	7	(1,095)	(1,008)
Audit fee		(2,777)	(2,765)
Tax agent’s fee		(2,486)	(2,480)
Other expenses		(8,151)	(10,631)
		<u>(29,561)</u>	<u>(30,738)</u>
Net income/(loss) before taxation		542,936	(345,894)
Taxation	11	-	-
Net income/(loss) after taxation, representing total comprehensive income/(loss) for the financial period		<u>542,936</u>	<u>(345,894)</u>
Total comprehensive income/(loss) comprises the following:			
Realised income		99,631	43,589
Unrealised income/(loss)		443,305	(389,483)
		<u>542,936</u>	<u>(345,894)</u>
Distribution for the financial period			
Net distribution	12	-	64,539
Gross distribution per unit (sen)	12	-	1.93
Net distribution per unit (sen)	12	-	1.93

The accompanying notes form an integral part of the unaudited financial statements.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

STATEMENT OF CHANGES IN EQUITY *(Unaudited)*

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

	Note	Unit holders’ capital RM	Retained earnings/ (Accumulated losses) RM	Total equity RM
At 1 January 2024		4,826,919	286,074	5,112,993
Total comprehensive income for the financial period		-	542,936	542,936
Balance at 30 June 2024		<u>4,826,919</u>	<u>829,010</u>	<u>5,655,929</u>
At 1 January 2023		4,826,919	394,187	5,221,106
Total comprehensive loss for the financial period		-	(345,894)	(345,894)
Distribution	12	-	(64,539)	(64,539)
Balance at 30 June 2023		<u>4,826,919</u>	<u>(16,246)</u>	<u>4,810,673</u>

The accompanying notes form an integral part of the unaudited financial statements.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)**STATEMENT OF CASH FLOWS (Unaudited)****FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

	01.01.2024 to 30.06.2024	01.01.2023 to 30.06.2023
	RM	RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	211,822	205,332
Purchases of investments	(283,151)	(211,813)
Dividends received	117,946	107,242
Interest received	2,207	1,265
Manager’s fee paid	(13,515)	(12,924)
Trustee’s fee paid	(1,352)	(1,270)
Payments for other expenses	(23,323)	(17,987)
Net cash generated from operating and investing activities	<u>10,634</u>	<u>69,845</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Distributions paid	(37,118)	(23,408)
Net cash used in financing activity	<u>(37,118)</u>	<u>(23,408)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(26,484)	46,437
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>170,002</u>	<u>93,213</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>143,518</u>	<u>139,650</u>
Cash and cash equivalents comprise:		
Cash at banks	<u>143,518</u>	<u>139,650</u>

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

1. GENERAL INFORMATION

FBM KLCI etf (the “Fund”) was established pursuant to a Deed dated 18 January 2007 as amended by the Deeds supplemental thereto (the “Deeds”), between AmFunds Management Berhad as the Manager, HSBC (Malaysia) Trustee Berhad as the Trustee and all unit holders.

The Fund was set up with the objective to achieve a price and yield performance, before fees, expenses and tax, that is generally similar to that of the benchmark index, FTSE Bursa Malaysia KLCI, balanced with the need to facilitate liquidity provision. As provided in the Deeds, the financial year shall end on 31 December and the units in the Fund were first offered for sale on 7 June 2007.

The financial statements were authorised for issue by the Manager on 20 August 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Fund have been prepared on a historical cost basis, except as otherwise stated in the accounting policies and comply with Malaysian Financial Reporting Standards 134: *Interim Financial Reporting* (“MFRS 134”) as issued by the Malaysian Accounting Standards Board (“MASB”).

Standards effective during the financial period

The adoption of the following MFRS and amendments to MFRS which became effective during the financial period did not have any material financial impact to the financial statements.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases: Lease Liability in a Sale and Leaseback*</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements: Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 <i>Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements</i>	1 January 2024

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

Standards issued but not yet effective

The new and amended standards that have been issued but not yet effective up to the date of issuance of the Fund’s financial statements are disclosed below. The Fund intends to adopt these new pronouncements, if applicable, when they become effective.

Description	Effective for financial periods beginning on or after
Amendments to MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 <i>Financial Instruments</i> and MFRS 7 <i>Financial Instruments: Disclosures: Amendments to the Classifications and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures*</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*</i>	Deferred

* These MFRS and Amendments to MFRSs are not relevant to the Fund.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

(i) Dividend income

Dividend income is recognised when the Fund’s right to receive payment is established.

(ii) Interest income

Interest income on short-term deposits is recognised on an accrual basis using the effective interest method.

(iii) Gain or loss on disposal of investments

On disposal of investments, the net realised gain or loss on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The net realised gain or loss is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.2 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3.3 Functional and presentation currency

Functional currency is the currency of the primary economic environment in which the Fund operates that most faithfully represents the economic effects of the underlying transactions. The functional currency of the Fund is Ringgit Malaysia (“RM”) which reflects the currency in which the Fund competes for funds, issues and redeems units. The Fund has also adopted RM as its presentation currency.

3.4 Statement of cash flows

The Fund adopts the direct method in the preparation of the statement of cash flows.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

3.5 Distribution

Distribution is at the discretion of the Manager. A distribution to the Fund’s unit holders is accounted for as a deduction from retained earnings and realised income. Realised income is the income earned from dividend income, interest income and net gain on disposal of investments after deducting expenses and taxation. A proposed distribution is recognised as a liability in the period in which it is approved. Distribution is either reinvested or paid in cash to the unit holders on the distribution payment date. Reinvestment of units is based on the NAV per unit on the distribution payment date, which is also the time of creation.

3.6 Unit holders’ capital

The unit holders’ capital of the Fund meets the definition of puttable instruments and is classified as equity instruments under MFRS 132 *Financial Instruments: Presentation* (“MFRS 132”).

(i) In-Kind Creation

In order for the new units to be created, Participating Dealer (“PD”) will apply to the Manager for the issue of units on a Dealing Day by generally tendering the In-Kind Creation Basket which comprise Creation Securities and the Cash Component (if any).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.6 Unit holders’ capital (cont’d.)

(ii) In-Kind Redemption

Following receipt of Redemption Application from a holder through a PD on each Dealing Day, the Manager may determine the In-Kind Redemption Basket which comprise Redemption Securities and payment in cash of the Cash Component (if any) in exchange for redemption of units.

3.7 Financial instruments – initial recognition and measurement

(i) Initial recognition

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade date accounting or settlement date accounting. The method used is applied consistently for all purchases and sales of financial assets that belong to the same category of financial assets.

(ii) Initial measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial assets. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at FVTPL, net of directly attributable transaction costs.

(iii) “Day 1” profit or loss

At initial measurement, if the transaction price differs from the fair value, the Fund immediately recognises the difference between the transaction price and fair value (a “Day 1” profit or loss) in profit or loss provided that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets. In all other cases, the difference between the transaction price and model value is recognised in profit or loss on a systematic and rational basis that reflects the nature of the instrument over its tenure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.8 Financial assets

Classification and measurement

The classification of financial assets depends on the Fund’s business model of managing the financial assets in order to generate cash flows (“business model test”) and the contractual cash flow characteristics of the financial instruments (“SPPI test”). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both and the assessment is performed on a portfolio basis. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest and the assessment is performed on a financial instrument basis.

The Fund may classify its financial assets under the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets include in this category are deposits with licensed financial institutions, cash at banks, amount due from Target Fund Manager, amount due from Manager, amount due from brokers/financial institutions, dividend/distribution receivables and other receivables.

Financial assets at FVOCI

A financial asset is measured at fair value through other comprehensive income (“FVOCI”) if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All fair value adjustments are initially recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment.

Financial assets at FVTPL

Any financial assets that are not measured at amortised cost or FVOCI are measured at FVTPL. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in “Net gain or loss on financial assets at FVTPL”. Dividend revenue and interest earned elements of such instruments are recorded separately in “Dividend income” and “Interest income” respectively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.8 Financial assets (cont'd.)

Classification and measurement (cont'd.)

The Fund may classify its financial assets under the following categories: (cont'd.)

Financial assets at FVTPL (cont'd.)

Instruments that qualify for amortised cost or FVOCI may be irrevocably designated as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments are normally measured at FVTPL, nevertheless, the Fund is allowed to irrevocably designate equity instruments that are not held for trading as FVOCI, with no subsequent reclassification of gains or losses to profit or loss.

The Fund subsequently measures its investments in equity investments at FVTPL. Dividends earned whilst holding the investments are recognised in profit or loss when the right to receive the payment has been established. Gains and losses on the investments, realised and unrealised, are included in profit or loss.

3.9 Financial liabilities – classification and subsequent measurement

Financial liabilities issued by the Fund are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holders. After initial measurement, financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

3.10 Derecognition of financial instruments

(i) Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either:
 - the Fund has transferred substantially all the risks and rewards of the asset, or
 - the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

For investments classified as FVOCI - debt instruments, the cumulative fair value change recognised in OCI is recycled to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.10 Derecognition of financial instruments (cont'd.)

(ii) Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses are recognised in profit or loss when the liabilities are recognised, and through the amortisation process.

3.11 Financial instruments – expected credit losses (“ECL”)

The Fund assesses the ECL associated with its financial assets at amortised cost using simplified approach. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECL in respect of financial assets at amortised cost, if any, is recognised in profit or loss.

Financial assets together with the associated allowance are written off when it has exhausted all practical recovery efforts and there is no realistic prospect of future recovery. The Fund may also write-off financial assets that are still subject to enforcement activity when there is no reasonable expectation of full recovery. If a write-off is later recovered, the recovery is credited to profit or loss.

3.12 Determination of fair value

For investments in quoted equity securities, fair value is determined based on the closing price quoted on Bursa Malaysia Berhad. Purchased cost is the quoted price that the Fund paid when buying its investments. The difference between the purchased cost and fair value is treated as unrealised gain or loss and is recognised in profit or loss. Unrealised gains or losses recognised in profit or loss are not distributable in nature.

3.13 Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting period.

Realised gains and losses on disposals of financial instruments classified at FVTPL are calculated using weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

3. SUMMARY OF ACCOUNTING POLICIES (CONT'D.)

3.14 Significant accounting estimates and judgments

The preparation of the Fund’s financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

The Fund classifies its investments as financial assets at FVTPL as the Fund may sell its investments in the short-term for profit-taking or to meet unit holders’ cancellation of units.

No major judgments have been made by the Manager in applying the Fund’s accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. INVESTMENTS

	30.06.2024	31.12.2023
	RM	RM
Financial asset at FVTPL		
Quoted equity securities	<u>5,527,054</u>	<u>5,003,798</u>

Details of investments as at 30 June 2024 are as follows:

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities				
Consumer discretionary				
Genting Berhad	21,500	101,265	138,575	1.79
Genting Malaysia Berhad	27,900	71,145	81,899	1.26
Mr D.I.Y. Group (M) Berhad	37,400	72,556	74,501	1.28
	<u>86,800</u>	<u>244,966</u>	<u>294,975</u>	<u>4.33</u>

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 June 2024 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities (cont'd.)				
Consumer staples				
IOI Corporation Berhad	29,185	107,984	139,331	1.91
Kuala Lumpur Kepong Berhad	5,500	113,520	113,366	2.01
Nestle (Malaysia) Berhad	600	72,900	77,578	1.29
PPB Group Berhad	7,120	101,816	105,657	1.80
QL Resources Berhad	10,800	70,416	60,588	1.24
SD Guthrie Berhad (formerly known as Sime Darby Plantation Berhad)	36,389	153,562	178,545	2.72
	<u>89,594</u>	<u>620,198</u>	<u>675,065</u>	<u>10.97</u>
Energy				
PETRONAS Dagangan Berhad	3,300	57,552	58,228	1.02
Financials				
CIMB Group Holdings Berhad	78,610	534,548	425,443	9.45
Hong Leong Bank Berhad	7,012	134,630	101,374	2.38
Hong Leong Financial Group Berhad	2,390	41,299	35,704	0.73
Malayan Banking Berhad	70,731	704,481	580,256	12.46
Public Bank Berhad	135,950	546,519	416,584	9.66
RHB Bank Berhad	20,811	114,669	110,433	2.03
	<u>315,504</u>	<u>2,076,146</u>	<u>1,669,794</u>	<u>36.71</u>
Health care				
IHH Healthcare Berhad	29,600	186,480	143,494	3.30
Industrials				
MISC Berhad	20,800	177,216	133,531	3.13
Sime Darby Berhad	37,689	98,745	76,400	1.75
Sunway Berhad	19,200	69,312	71,232	1.22
	<u>77,689</u>	<u>345,273</u>	<u>281,163</u>	<u>6.10</u>
Materials				
PETRONAS Chemicals Group Berhad	28,400	179,204	196,655	3.17
Press Metal Aluminium Holdings Berhad	36,300	209,088	112,885	3.70
	<u>64,700</u>	<u>388,292</u>	<u>309,540</u>	<u>6.87</u>

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

4. INVESTMENTS (CONT'D.)

Details of investments as at 30 June 2024 are as follows: (cont'd.)

Name of company	Number of shares	Fair value RM	Purchased cost RM	Fair value as a percentage of NAV %
Quoted equity securities (cont'd.)				
Telecommunication services				
Axiata Group Berhad	45,400	118,494	160,442	2.09
CelcomDigi Berhad (formerly known as Digi.Com Berhad)	39,400	144,992	129,724	2.56
Maxis Berhad	29,300	103,429	146,311	1.83
Telekom Malaysia Berhad	30,100	203,476	146,898	3.60
	<u>144,200</u>	<u>570,391</u>	<u>583,375</u>	<u>10.08</u>
Utilities				
PETRONAS Gas Berhad	9,200	163,944	143,273	2.90
Tenaga Nasional Berhad	42,900	591,162	419,627	10.45
YTL Corporation Berhad	47,000	162,150	91,650	2.87
YTL Power International Berhad	25,000	120,500	62,250	2.13
	<u>124,100</u>	<u>1,037,756</u>	<u>716,800</u>	<u>18.35</u>
Total financial assets at FVTPL	<u>935,487</u>	<u>5,527,054</u>	<u>4,732,434</u>	<u>97.73</u>
Excess of fair value over purchased cost		<u>794,620</u>		

5. AMOUNT DUE TO MANAGER

	30.06.2024 RM	31.12.2023 RM
Due to Manager		
Manager's fee payable	<u>2,492</u>	<u>2,323</u>

Manager's fee is at a rate of 0.50% (31.12.2023: 0.50%) per annum on the NAV of the Fund, calculated on a daily basis.

The normal credit period in the previous financial year and current financial period for Manager's fee payable is one month.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

6. AMOUNT DUE TO TRUSTEE

Trustee’s fee is at a rate of 0.05% (31.12.2023: 0.05%) per annum on the NAV of the Fund, calculated on a daily basis.

The normal credit period in the previous financial year and current financial period for Trustee’s fee payable is one month.

7. AMOUNT DUE TO INDEX PROVIDER

Licence fee rate is at 0.04% (31.12.2023: 0.04%) per annum on the NAV of the Fund, calculated on a daily basis.

8. NET GAIN/(LOSS) FROM INVESTMENTS

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Net gain/(loss) on financial assets at FVTPL comprised:		
- Net realised gain/(loss) on sale of investments	8,622	(32,061)
- Net unrealised gain/(loss) on changes in fair value of investments	443,305	(389,483)
	<u>451,927</u>	<u>(421,544)</u>

9. TOTAL EQUITY

Total equity is represented by:

	Note	30.06.2024 RM	31.12.2023 RM
Unit holders’ capital	(a)	4,826,919	4,826,919
Retained earnings			
- Realised income/(loss)	(b)	34,390	(65,241)
- Unrealised gains	(c)	794,620	351,315
		<u>5,655,929</u>	<u>5,112,993</u>

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

9. TOTAL EQUITY (CONT'D.)

(a) Unit holders’ capital/units in circulation

	30.06.2024		31.12.2023	
	Number of units	RM	Number of units	RM
At beginning/end of the financial period/year	3,344,000	4,826,919	3,344,000	4,826,919

(b) Realised – distributable

	30.06.2024	31.12.2023
	RM	RM
At beginning of the financial period/year	(65,241)	(54,568)
Net realised income for the financial period/year	99,631	90,985
Distribution out of realised income	-	(101,658)
At end of the financial period/year	34,390	(65,241)

(c) Unrealised – non-distributable

	30.06.2024	31.12.2023
	RM	RM
At beginning of the financial period/year	351,315	448,755
Net unrealised gain/(loss) for the financial period/year	443,305	(97,440)
At end of the financial period/year	794,620	351,315

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES

The related parties and their relationships with the Fund are as follows:

<u>Related parties</u>	<u>Relationships</u>
AmFunds Management Berhad	The Manager
AmInvestment Bank Berhad	Holding company of the Manager
AMMB Holdings Berhad (“AMMB”)	Ultimate holding company of the Manager
Subsidiaries and associates of AMMB as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager

There are no units held by the Manager or any other related party as at 30 June 2024 and 31 December 2023.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

10. SIGNIFICANT RELATED PARTIES TRANSACTIONS AND BALANCES (CONT'D.)

Other than those disclosed elsewhere in the financial statements, the significant related party balances as at reporting date is as follows:

	30.06.2024 RM	31.12.2023 RM
Significant related party balances		
<u>AmBank (M) Berhad</u>		
Cash at banks	3,970	8,892

11. TAXATION

Income tax payable is calculated on investment income less deduction for permitted expenses as provided under Section 63B of the Income Tax Act, 1967.

A reconciliation of income tax expense applicable to net income/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Net income/(loss) before taxation	542,936	(345,894)
Taxation at Malaysian statutory rate of 24% (2023: 24%)	130,305	(83,015)
Tax effects of:		
Income not subject to tax	(137,399)	(25,533)
Losses not allowed for tax deduction	-	101,171
Restriction on tax deductible expenses for exchange traded funds	3,556	3,318
Non-permitted expenses for tax purposes	3,144	3,691
Permitted expenses not used and not available for future financial periods	394	368
Tax expense for the financial periods	-	-

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

12. DISTRIBUTION

No distribution has been declared to unit holders during the current financial period.

Details of distribution to unit holders for the previous financial period is as follows:

	01.01.2023 to 30.06.2023 RM
Gross distribution per unit (sen)	<u>1.93</u>
Net distribution per unit (sen)	<u>1.93</u>
Cum-Distribution - 22 June 2023	
NAV	<u>4,938,387</u>
NAV per unit	<u>1.4768</u>
Ex-Distribution - 22 June 2023	
NAV	<u>4,873,848</u>
NAV per unit	<u>1.4575</u>

Financial period ended 30 June 2023

Distribution Ex-date	Gross distribution per unit RM (sen)	Net distribution per unit RM (sen)	Total distribution RM
22 June 2023	<u>1.93</u>	<u>1.93</u>	<u>64,539</u>

	01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Total amount available for distribution	<u>34,390</u>	<u>-</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The distribution declared for the financial period ended 30 June 2023 has been proposed before taking into account the net unrealised loss of RM389,483 arising during the previous financial period which is carried forward to the next financial period.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

13. TOTAL EXPENSE RATIO (“TER”)

The Fund’s TER is as follows:

	01.01.2024 to 30.06.2024 % p.a.	01.01.2023 to 30.06.2023 % p.a.
Manager’s fee	0.25	0.25
Trustee’s fee	0.02	0.02
Licence fee	0.02	0.02
Fund’s other expenses	0.21	0.27
Total TER	<u>0.50</u>	<u>0.56</u>

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

14. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund, which is the ratio of average total acquisitions and disposals of investments to the average NAV of the Fund calculated on a daily basis, is 0.04 times (01.01.2023 to 30.06.2023: 0.04 times).

15. SEGMENTAL REPORTING

In accordance with the objective of the Fund, substantially all of the Fund’s investments are made in the form of quoted equity securities in Malaysia. The Manager is of the opinion that the risk and rewards from these investments are not individually or segmentally distinct and hence the Fund does not have a separately identifiable business or geographical segments.

16. TRANSACTIONS WITH BROKERS

Details of transactions with brokers for the financial period ended 30 June 2024 are as follows:

	Transaction value		Brokerage fee, stamp duty and clearing fee	
	RM	%	RM	%
AmlInvestment Bank Berhad*	283,151	57.21	1,104	51.99
Maybank Investment Bank Berhad	211,822	42.79	1,019	48.01
Total	<u>494,973</u>	<u>100.00</u>	<u>2,123</u>	<u>100.00</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

16. TRANSACTIONS WITH BROKERS (CONT'D.)

* A financial institution related to the Manager.

The Manager is of the opinion that the above transactions have been entered into the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The above transactions are in respect of listed securities.

17. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Fund in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
30.06.2024				
Financial assets				
Investments	5,527,054	-	-	5,527,054
Dividend receivables	-	3,901	-	3,901
Cash at banks	-	143,518	-	143,518
Total financial assets	<u>5,527,054</u>	<u>147,419</u>	<u>-</u>	<u>5,674,473</u>
Financial liabilities				
Amount due to Manager	-	-	2,492	2,492
Amount due to Trustee	-	-	234	234
Amount due to Index provider	-	-	1,095	1,095
Total financial liabilities	<u>-</u>	<u>-</u>	<u>3,821</u>	<u>3,821</u>
31.12.2023				
Financial assets				
Investments	5,003,798	-	-	5,003,798
Dividend receivables	-	3,484	-	3,484
Cash at banks	-	170,002	-	170,002
Total financial assets	<u>5,003,798</u>	<u>173,486</u>	<u>-</u>	<u>5,177,284</u>

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

17. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Classification of financial instruments (cont'd.)

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
31.12.2023 (cont'd.)				
Financial liabilities				
Amount due to Manager	-	-	2,323	2,323
Amount due to Trustee	-	-	218	218
Amount due to Index provider	-	-	6,222	6,222
Distribution payable	-	-	37,118	37,118
Total financial liabilities	-	-	45,881	45,881
			Income, expenses, gains and losses	
			01.01.2024 to 30.06.2024 RM	01.01.2023 to 30.06.2023 RM
Net gain/(loss) from financial assets at FVTPL			451,927	(421,544)
Income, of which derived from:				
– Dividend income from financial assets at FVTPL			118,363	105,123
– Interest income from financial assets at amortised cost			2,207	1,265

(b) Financial instruments that are carried at fair value

The Fund’s financial assets and liabilities are carried at fair value.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable; either directly or indirectly; or

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

17. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Financial instruments that are carried at fair value (cont'd.)

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2024				
Financial assets at FVTPL	5,527,054	-	-	5,527,054
31.12.2023				
Financial assets at FVTPL	5,003,798	-	-	5,003,798

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value due to their short period to maturity or short credit period:

- Dividend receivables
- Cash at banks
- Amount due to Manager
- Amount due to Trustee
- Amount due to Index provider
- Distribution payable

There are no financial instruments which are not carried at fair value and whose carrying amounts are not reasonable approximation of their respective fair value.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks that include market risk, credit risk, liquidity risk, single issuer risk, regulatory risk, management risk and non-compliance risk.

Risk management is carried out by closely monitoring, measuring and mitigating the above said risks, careful selection of investments coupled with stringent compliance to investment restrictions as stipulated by the Capital Market and Services Act 2007, Securities Commission Malaysia’s Guidelines on Exchange Traded Funds and the Deed as the backbone of risk management of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Market risk

The Fund’s principal exposure to market risk arises primarily due to changes in the market environment, global economic and geo-political developments.

The Fund’s market risk is affected primarily by the following risks:

(i) Price risk

Price risk refers to the uncertainty of an investment’s future prices. In the event of adverse price movements, the Fund might endure potential loss on its quoted investments. In managing price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

The result below summarised the price risk sensitivity of the Fund’s NAV due to movements of price by -5.00% and +5.00% respectively:

Percentage movements in price by:	Sensitivity of the Fund’s NAV	
	30.06.2024	31.12.2023
	RM	RM
-5.00%	(276,353)	(250,190)
+5.00%	276,353	250,190

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge an obligation. Credit risk applies to dividend receivables. The issuer of such instruments may not be able to fulfill the required interest payments or repay the principal invested or amount owing. These risks may cause the Fund’s investments to fluctuate in value.

Cash at banks are held for liquidity purposes and are not exposed to significant credit risk.

(c) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its financial liabilities or redeem its units earlier than expected. The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellations of units by unit holders. Liquid assets comprise of cash at banks, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 5 to 7 days. The Fund’s policy is to always maintain a prudent level of liquid assets so as to reduce liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT’D.)

(d) Single issuer risk

Internal policy restricts the Fund from investing in securities issued by any issuer of not more than a certain percentage of its NAV. Under such restriction, the risk exposure to the securities of any single issuer is diversified and managed based on internal/external ratings.

(e) Regulatory risk

Any changes in national policies and regulations may have effects on the capital market and the NAV of the Fund.

(f) Management risk

Poor management of the Fund may cause considerable losses to the Fund that in turn may affect the NAV of the Fund.

(g) Non-compliance risk

This is the risk of the Manager or the Trustee not complying with their respective internal policies, the Deed and its Supplemental Deed, securities law or guidelines issued by the regulators relevant to each party, which may adversely affect the performance of the Fund.

19. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for creation and cancellation of units of the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet cancellation requests as they arise; and
- (c) To maintain sufficient fund size to make the operations of the Fund cost-efficient.

No changes were made to capital management objectives, policies or processes during the current and previous financial periods.

FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”)

STATEMENT BY THE MANAGER

I, Goh Wee Peng, being the Director of and on behalf of the Board of Directors of AmFunds Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards 134: *Interim Financial Reporting* (“MFRS 134”) so as to give a true and fair view of the financial position of FTSE Bursa Malaysia KLCI etf (“FBM KLCI etf”) (the “Fund”) as at 30 June 2024 and the comprehensive income, the changes in equity and cash flows for the financial period then ended.

For and on behalf of the Manager

GOH WEE PENG

Executive Director

Kuala Lumpur, Malaysia

20 August 2024

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*For enquiries about this or any of the other Funds offered by AmFunds Management Berhad
Please call 2032 2888 between 8.45 a.m. to 5.45 p.m. (Monday to Thursday),
Friday (8.45 a.m. to 5.00 p.m.)*

